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Member FINRA, Member SIPC.
• From 492 to 1492 Global GDP doubled
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• From 1492 to 1812 Global GDP doubled again
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1. Global Economy / Global Trade
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1. Global Economy / Global Trade
2. Technology
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1. Global Economy / Global Trade
2. Technology
3. Capital Markets – the free flow of capital
“Though the preachers of pessimism prattle endlessly about America’s problems, I’ve never seen one who wishes to emigrate.”

- Warren Buffett
What made the US economy exceptional
What made the US economy exceptional

• The Atlantic & Pacific Oceans – no foreign invasion since 1812
What made the US economy exceptional

• The Atlantic & Pacific Oceans
• Natural Harbors & River Transportation – the ability to move goods efficiently
What made the US economy exceptional

- The Atlantic & Pacific Oceans
- Natural Harbors & River Transportation
- Abundant Farmland – the ability to feed ourselves
What made the US economy exceptional

• The Atlantic & Pacific Oceans
• Natural Harbors & River Transportation
• Abundant Farmland
• Raw Materials – iron ore and lumber and limestone and .....
What made the US economy exceptional

• The Atlantic & Pacific Oceans
• Natural Harbors & River Transportation
• Abundant Farmland
• Raw Materials

• Government Stability – the same system since 1789
What made the US economy exceptional

• The Atlantic & Pacific Oceans
• Natural Harbors & River Transportation
• Abundant Farmland
• Raw Materials

• Government Stability

• World War II / United States Navy
What made the US economy exceptional

- The Atlantic & Pacific Oceans
- Natural Harbors & River Transportation
- Abundant Farmland
- Raw Materials
- Government Stability
- World War II / United States Navy
- Transportation Infrastructure – Railroads, Highways, Airports
What made the US economy exceptional

- The Atlantic & Pacific Oceans
- Natural Harbors & River Transportation
- Abundant Farmland
- Raw Materials
- Government Stability
- World War II / United States Navy
- Transportation Infrastructure
- Education Opportunities – Public / Private / Trade / Professional
What made the US economy exceptional

- The Atlantic & Pacific Oceans
- Natural Harbors & River Transportation
- Abundant Farmland
- Raw Materials

- Government Stability

- World War II / United States Navy
- Transportation Infrastructure
- Education Opportunities
- Work Ethic – highest hours worked in G-7 (45% > France)
What made the US economy exceptional

- The Atlantic & Pacific Oceans
- Natural Harbors & River Transportation
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- Raw Materials
- Government Stability
- World War II / United States Navy
- Transportation Infrastructure
- Education Opportunities
- Work Ethic
- Energy – the shale play is a game changer
“A people... who are possessed of the spirit of commerce, who see and who will pursue their advantages may achieve almost anything.”

- George Washington
US Economy Fundamental

70% of U.S. GDP is driven by consumption. If we want the U.S. economy to get better we need to focus on three things:

- Job Growth (150 million workers)
- Wage Growth (>3.9% in 2016)
- Consumer Confidence (highest since 2001)

U.S. GDP per capita has increased more than the GDP per capita of any major developed or emerging market country*

*Bureau of Economic Analysis / *Goldman Sachs 2017 Outlook
Growth Agenda
Growth Agenda

- Global Trade
- Tax Policy
- Infrastructure Spending
- Regulation
- Government Programs
- Fiscal Balance
Growth Agenda

• Global Trade

  • Under NAFTA, North America accounts for 28% of global GDP (with only 7% of global population) / the United States has a large and growing trade surplus in agriculture and manufactured goods, as well as in services.*

*Global Affairs Canada: December 12, 2016 / Office of the US Trade Representative
Growth Agenda

• Global Trade
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  • The Trans-Pacific Partnership (TPP) needs to represent free and fair trade – access to U.S. markets
Growth Agenda

• Global Trade
  • Under NAFTA, North America accounts for 28% of global GDP (with only 7% of global population) / the United States has a large and growing trade surplus in agriculture and manufactured goods, as well as in services.
  • The Trans-Pacific Partnership (TPP) needs to represent free and fair trade – access to U.S. markets
  • “For the only way in which a durable peace can be created is by world-wide restoration of economic activity and international trade” James Forrestal
Growth Agenda

• Global Trade
• Tax Policy
  • The top one-tenth of individual taxpayers pay 20+% of federal income taxes / the top 1% pay 43.6%*

*MarketWatch / Tax Policy Center
Growth Agenda

• Global Trade

• Tax Policy
  • The top one-tenth of individual taxpayers pay 20+% of federal income taxes / the top 1% pay 43.6%
  • The U.S. has the highest marginal corporate tax rate (39.2% versus global average of 25%) and taxation on overseas profits (35%) / a 20th century tax code in a 21st century world?*

*Investopedia / Wikipedia
Growth Agenda

• Global Trade
• Tax Policy
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  • The U.S. has the highest marginal corporate tax rate (39.2% versus global average of 25%) and taxation on overseas profits (35%) / a 20\textsuperscript{th} century tax code in a 21\textsuperscript{st} century world?
  • An ideal tax system distorts economic decision making as little as possible, while still funding the government
Growth Agenda

• Global Trade
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• Infrastructure Spending
  • $200 billion per year proposed (6% of budget)
Growth Agenda

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  - $200 billion per year proposed (6% of budget)
  - Air Infrastructure / Highways & Bridges / Water & Sewer / Ports & Rivers - $1.6 trillion in projects*

*ASCE estimate / A Blueprint to Rebuild America’s Infrastructure
Growth Agenda

• Global Trade
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• Infrastructure Spending
  • $200 billion per year proposed (6% of budget)
  • Air Infrastructure / Highways & Bridges / Water & Sewer / Ports & Rivers - $1.6 trillion in projects
  • Carbon Tax?
Growth Agenda

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• Regulation
  • Given the opportunity regulation will overwhelm innovation creating disastrous consequences for the U.S. economy
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- Global Trade
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  - Given the opportunity regulation will overwhelm innovation creating disastrous consequences for the U.S. economy
  - Despite their best intentions the folks in Washington get caught up in the mindset of “we know what is best”, when history clearly tells us they do not
Growth Agenda

- Global Trade
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  - Given the opportunity regulation will overwhelm innovation creating disastrous consequences for the U.S. economy
  - Despite their best intentions the folks in Washington get caught up in the mindset of “we know what is best”, when history clearly tells us they do not
  - 2016 Federal Regulatory Cost Estimate was $1.885 trillion (11% of GDP)*

*Competitive Enterprise Institute (May 3, 2016)
Growth Agenda

• Global Trade
• Tax Policy
• Infrastructure Spending
• Regulation
• Government Programs
  • Healthcare
    • $9,451 per capita (#1) / longevity rank 25th and 27th*
    • Medicare / Medicaid / Affordable Care Act

Growth Agenda

• Global Trade
• Tax Policy
• Infrastructure Spending
• Regulation
• Government Programs
  • Healthcare
  • Housing – FHA / Fannie Mae / Freddie Mac
Growth Agenda

- Global Trade
- Tax Policy
- Infrastructure Spending
- Regulation
- Government Programs
  - Healthcare
  - Housing – FHA / Fannie Mae / Freddie Mac
  - Student Lending - $1.35+ trillion in student debt / 11.8% default rate (5+ million borrowers)* / University of Virginia tuition and fees increased from $6,282 to $13,515 in a decade (+115%) – inflation up 19%**

*LENDedu.com / Federal Reserve  **Richmond Times-Dispatch (February 6, 2017)
Growth Agenda

- Global Trade
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- Infrastructure Spending
- Regulation
- Government Programs
  - Healthcare
  - Housing – FHA / Fannie Mae / Freddie Mac
  - Student Lending
  - Public Sector Pensions – PBGC
Growth Agenda

• Global Trade
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  • Public Sector Pensions
  • Federal Reserve
Growth Agenda

• Global Trade
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• Infrastructure Spending
• Regulation
• Government Programs
• Fiscal Balance
  • The number one benefit of historically low interest rates is the debt service on the national debt as a percentage of GDP is historically low
Growth Agenda

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- Fiscal Balance

- The number one benefit of historically low interest rates is the debt service on the national debt as a percentage of GDP is historically low.

- The number one detriment of historically low interest rates is the debt service on the national debt as a percentage of GDP is historically low.
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United States Debt

- 2016 - Barack Obama: 19.391 Trillions
- 2008 - George Bush: 10.025 Trillions
- 2000 - Bill Clinton: 5.674 Trillions

$ Trillions
“I’m not going to buy my kids an encyclopedia. Let them walk to school like I did.”

- Yogi Berra
Turning “political speak” into “Yogi-isms”

1. “If a $15 minimum wage is a good idea, a $30 minimum wage has to be a great idea”
2. “Merging with a foreign-based partner and transferring headquarters location to reduce taxes is simply unpatriotic”
3. “Let’s bring back the Smoot Hawley tariffs and end free trade – that worked great last time”
4. “We need to lock down the borders and end immigration, that is what made the United States great”
5. “There are no problems associated with keeping interest rates at zero for a long period of time. Free money has never led to a bubble”
“In any moment of decision, the best thing you can do is the right thing...The worst thing you can do is nothing.”

- Theodore Roosevelt
Success starts here.